



COUNTY OF KAUAI

Office of Economic Development

2012 Budget Presentation

April 18, 2011

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Director

OFFICE OF ECONOMIC DEVELOPMENT

Mission

The Office of Economic Development (OED) works in partnership with the community, business and government sectors to create economic opportunities towards the development of a healthy, stable and balanced economy of the County of Kaua`i. OED promotes and nurtures sustainable economic development within Kaua'i County that is consistent with the community's needs and priorities.

Goals & Objectives

The Office of Economic Development, as a government entity, interfaces with business and community leaders, as well as other government agencies and programs, to enhance Kaua`i's economic development opportunities.

The objectives of this Office are:

1. Assist businesses of all sizes, emerging industries and organizations in providing technical and financial support, as feasible, in an effort to provide full employment for all of Kaua`i's residents.
2. Utilize the Guiding Principles of the Kaua`i Economic Development Plan – Comprehensive Economic Development Strategy (CEDS) to help improve Kaua'i's economy over the next 10 years:
 - *Economic Diversification:* To strengthen selected industry clusters to minimize dependence on a single industry
 - *Economic Self-Sufficiency:* To minimize imports and promote import substitution
 - *Economic Opportunity for all:* To offer an appropriate K-20 education and adequate training opportunities to give workers choices and to promote living wages
3. Collect data and maintain statistical information and reports, to be used as a library resource for individuals, businesses and organizations. The general public is provided access to materials, documents and publications in the OED library, and to some extent on the County's website. In addition, publications on Federal and State grants, loans or tax incentives and information on other websites are also available.

4. Carry out the functions of the Office of Economic Development, five sections are managed by staff specialists, under the direction of the director, in the areas of energy, tourism, agriculture, workforce development, film, and through special grants to specific economic development projects. Each section's duties and responsibilities are directed toward accomplishment of the agency's overall mission.

One secretary, and an accountant and part-time clerk-typist funded by grants, provides support to the director and the five specialists.

FY2010 Successes and Achievements

Energy

1. Completion of the Kaua'i Energy Sustainability Plan (KESP)
2. Representing County on PUC dockets related to energy planning
3. Supporting State Clean Energy Initiatives
4. Implementing Energy Savings Performance Contracting for improved efficiencies at wastewater facilities.
5. Installing PV at the Līhu'e Civic Center - \$379,000
6. Installing PV at the Kaiakea Fire Station - \$267,900
7. Securing electric charger and electric car funding for county facilities - \$276,259

Tourism

1. Successful completion of the \$500k Kaua'i Visitors Bureau – Visitor Stimulus Plan Phase I. Partnership that collaborated government with the visitor industry, businesses and community organizations.

<u>Goal</u>	<u>Result</u>
• 16,766 room nights	28,789 room nights
• 38,562 visitors	66,215 visitors
• \$157.40 pppd	\$147.52 per person per day expenditures
• \$6,069,627 direct econ benefit	\$9,768,146 direct economic benefit
• \$10,075,581 economic impact with 1.66 output multiplier	\$16,215,123 economic impact

2. Visitor numbers for 2010 increased over 2009 and continue to improve.
 - 963,523 total arrivals, increase of 3.8%
 - 7,183,800 total visitor days, increase of 5.3%
 - \$1,122,900,000 total expenditures, increase of 12.4%
 - \$156.30 per person per day spending, increase of 6.7%
 - 880,313 domestic arrivals, increase of 2.8%
 - 83,210 international arrivals, increase of 16.4%
 - 7.46 days length of stay, increase of 1.4%

3. HTA Grant Funding
 - Managing over 31 HTA and County Festivals & Events and project grants - \$405,500
 - Secured extension on \$75,000 from HTA Natural Resources Program for Po'ipū Sand Study.
4. Assisted grantees who have shown improvement in grant writing, marketing, advertising and public relations.
5. Kauaifestivals.com website improved and continues to be a clearing house for all events/festivals scheduled, which helps community organizations plan better for their events.
6. Promotional materials of the “Ambassadors of Aloha” program is a great service for Kaua'i organizations and community groups who assist in promoting Kaua'i.
7. Secured CDBG Grant of \$37,500 to purchase Mobi-Mat Rec-Path to utilize at upcoming festivals and events to help with ADA compliance.

Agriculture

1. Kaua'i Grown Program launch successful at the Kaua'i County Farm Bureau Fair. Island Chefs participated in “Kaua'i Cook-Off” utilizing Kaua'i-grown produce.
2. Working with agricultural producer's organizations to assist their members in improving their businesses, to preserve irrigated farmland owned by the public; to provide
3. Sunshine Markets continue to be a great opportunity for farmers and vendors to sell locally-grown produce at reasonable prices.

Workforce Development

1. Successfully managing WIA Grant Funding
 - WIA Adult Program - \$133,785
 - WIA Dislocated Workers Program - \$123,826
 - WIA Youth Program - \$94,154
2. Relocation and opening of the WorkWise – Kaua'i One Stop Job Center to the County's Līhu'e Civic Center effectively linked the WIA-funded workforce equipping programs with other County services and improved Center visibility.
3. Communication between OED and the One Stop has been substantially enhanced due to proximity.

4. Special programs have infused additional funds into One Stop intensive and training services (ARRA and SESP administered by OED), as well as other targeted services (REA, VIP, etc.) that have produced positive measurable outcomes.
5. State Workforce Development Council (WDC), KCC, and Kaua'i Rural Development Project (KRDP), in collaboration with the County, are aggressively pursuing training funds through grants on an on-going basis.

Film

1. Banner year for Hawai'i's Film Industry with all 4 counties contributing to production expenditures exceeding \$300M.

Kaua'i also had a great year with 4 major Hollywood movies filming in just the first 7 months of the year. Film production is a "clean" industry which provides economic benefit to Kaua'i's hotels, condominiums, vacation rentals, car rentals, equipment rentals, restaurants, wholesale and retail food and beverage suppliers, location managers, property owners, freight forwarders and helicopter companies.

- Sony Pictures' started the run of films with production here on Kaua'i in March 2010 with Bethany Hamilton's "Soul Surfer" which premiered nationwide this past April 8th. Although majority of the movie was filmed on O'ahu, and only 5 days on Kaua'i, it brought approximately \$100,000 in revenue to Kaua'i from an overall budget of \$10.5M. The filming provided 10 full-time and part-time jobs for Kaua'i workers, including a local union crew.
 - Fox-Searchlight's production of "The Descendents" starring George Clooney took place in April and May. The economic benefit was \$5.5M in revenue and 30-40 full and part-time jobs were provided.
 - Sony Pictures' "Just Go With It" started pre-production in March and filmed for 3 weeks on Kaua'i from May to June. Over \$3M in revenue was experienced on Kaua'i and 35-40 full and part-time jobs were provided.
 - The Disney Pictures' sequel, "Pirates of the Caribbean: On Stranger Tides" starring Johnny Depp and Penelope Cruz followed right behind "Just Go With It". The movie was produced by Jerry Bruckheimer and directed by Rob Marshall which filmed for about a month on Kaua'i, but was here for 6 months to scout, set up base camp and pre-production offices and clean up. The economic impact to Kaua'i was over \$21M and provided over 150 full and part-time jobs.
2. What was overshadowed by the big Hollywood productions in 2010, were smaller film productions that included television programs on MTV, Style Network TV and The Golf Channel which highlighted Kaua'i as a premier travel destination.

We also saw two major television ads, "American Girl" campaign by Mattel Inc. and Armani Inc. which spent more than \$1 million during their productions on Kaua'i. Added to this were a dozen more small productions including documentaries, docu-

dramas, industrial films and small ad campaigns that help bring Kauai's film expenditures above the \$60 million mark in 2010.

2011 started with a number of small productions filming for TV including a SyFy movie that wrapped last week after 2 weeks on Kaua'i, spending \$165,000. It's the 4th movie the same production company filmed on Kaua'i since 2005, all SyFy movies.

There were also TV crews from Sweden, Japan and Australia that filmed here in the first 3 months. A French TV crew starts filming a documentary piece, "Somewhere On Earth" next week and a German crew starts production in July for a story about explorer, George Forester, and will film Kaua'i to replicate scenes of Tahiti.

3. Update of "Kauai-film.com" website

OED (Office of Economic Development)

1. Collaborated with various organizations throughout Kaua'i

BUSINESS

- Kaua'i Chamber of Commerce
- Kaua'i Economic Development Board
- Kaua'i Planning & Action Alliance
- Kaua'i Economic Opportunity
- Kaua'i Rotary Associations
- Mayor's Crime Task Force

EDUCATION / TRAINING / JOB OPPORTUNITIES

- State Department of Education
- Kaua'i Community College
- Kaua'i Workforce Investment Board
- Work Wise Kaua'i
- KEDB Education Committee

AGRICULTURE

- Kaua'i County Farm Bureau
- US Department of Agriculture
- UH-CTHAR
- KEDB Food & Ag Committee
- Garden Island RC&D
- East & West Kaua'i Soil & Water Conservation Districts
- East Kaua'i Water Users Coop
- Kaua'i Cattlemen's Association
- Kaua'i Agricultural Advisory Committee
- Kaua'i Agricultural Initiative
- Malama Kaua'i
- Kaua'i Beekeepers Association

TOURISM

- Kaua'i Visitors Bureau
- Hawai'i Hotel Association – Kaua'i Chapter
- Po'ipū Beach Resort Association
- Royal Coconut Coast Association

ENERGY

- KIUC
- State DBEDT Energy
- KEDB Renewable Energy Committee
- KIUC

HEALTH & WELLNESS

- Kaua'i Health & Wellness Association

Challenges

Energy

1. Position supported by grant funds, which are not guaranteed. In most years, the grant approval does not come until the end of the fiscal so the Energy Specialist is in a stressful situation of potentially losing funding and not having a job. Fiscal year to fiscal year funding also prevents any long term commitment or long range planning for energy projects. Uncertain funding for the upcoming fiscal was made more uncertain with the change in state administration. State of Hawaii DBEDT noted in January 2011 that the Governor's approval was required. In March 2011, we were informed that a direct grant to the County may be possible without Governor's approval so this matter is now with the Attorney General's office.
2. One person operation with very little clerical support means that all research, writing, and production of work products come directly from the Specialist. Typical project tasks include writing bids, RFPs or procurement of services; followed by contract preparation/writing which is reviewed by the County Attorney; followed by project implementation and project management to completion. Sometimes, a follow up report is required.

Tourism

1. A lot of interaction through our website Kaua'i-Hawai'i.com which garners a lot of questions. Potential visitors want answers about their vacation from a reputable source. Keeping up with email is challenging and we appreciate the assistance of our part-time clerk.
2. Loss of key people at HTA who have supported Hawaiian Culture, Natural Resource and the well-known CPEP (County Product Enrichment Program) as we make preparation for the 2012 calendar.

3. Will be assisting organizations in the re-established Royal Coconut Coast Association.
4. Search for new grant sources and maintaining current ones.

Agriculture

1. State and now federal finances have eliminated some of the best discretionary programs and most effective programs for developing and assisting new farming enterprises. These programs are the non-regulatory tail of the State and Federal Departments of Agriculture.
2. Community interest for improved Sunshine Markets and “value-added” products will require additional resources and change the present operations.
3. Agriculture is a one person operation with some of the same research and procurement issues of Energy, but with less federal and state involvement inasmuch as their money flows to regulatory and subsidy programs from those governments except where there are specific agencies such as the USDA Natural Resource & Conservation Service and USDA Farm Service Agencies for implementation of their programs.
4. The Specialist attends approximately 30 after hour meetings of agricultural organizations per year in addition to business hour meetings and time coordinating or dealing with issues raised in some of these meetings.

Workforce Development

1. Each potential grant application requires significant staff time to research and compile meaningful data and LMI to support each application whether pursued or not.
2. Each new program has increased workload for existing staff since no additional staff was hired to oversee these programs. As a result, important program and administrative activities and responsibilities have been delayed significantly or not performed.

Film

1. To gain access for film productions to key properties and film locations have been a challenge due to liability concerns. Several of Kauai’s key film locations are not available as in the past. Most recently, one of the most spectacular natural waterfalls on Kaua’i on the north shore is no longer available for film productions according to the property owner (s). Another location is a popular spot for visitors and locals, and poses logistical challenge when there are many people at locations during filming.
2. The other challenge that has existed for many years is the lack of film production equipment on Kaua’i which needs to be shipped from Oahu or the mainland. Kaua’i also has no film studio or sound stage to do in-house indoor filming or post-production.

Kaua'i Community College is planning to expand its campus to a 4 year institution in the near future and is interested in starting a film and digital media curriculum and develop a program like at UH Manoa's Academy for Creative Media. KCC has land spaces to build a film studio and sound stage which will attract not only Hollywood filmmakers to use the facility but will enable Kaua'i film and creative media students to work with film professionals first hand.

OED (Office of Economic Development)

1. OED is a source of grants for programs that benefit our economy, promote and preserve our diverse cultures and assist much needed social services. Here are a few additional organizations that have or will request funding:
 - Ag – Kaua'i Tropical Flower Association – Philadelphia Flower Show - \$50,000
 - Ag – East Kaua'i Water Users Coop – Irrigation system maintenance - \$20,000
 - Ag – Feasibility Study for Commercial Kitchen Business Incubator - \$25,000
 - Tourism – Kaua'i Tourism Strategic Plan Update - \$40,000
 - Economy – APEC – Expenses related to the APEC 2011 Conference - \$25,000
 - Social – YWCA – Family Violence Shelter - \$38,000
 - Social – YWCA – Sex Assault Treatment Program - \$56,000
 - Social – Kaua'i Independent Food Bank - \$5,000

Improvements

Tourism

1. Computer upgrade.
2. Initiate pilot program of implementing new surveys in festivals and events to attendees, suppliers and vendors to better assess economic impact.
3. Instituted surveys at some festivals and events that will give us more information on actual spending of visitors at events.
4. Upgraded the kauaifestivals.com site for easier download of information for travelers and extended out the calendar to 18 months into the future for travel planning.
5. Added new photos and videos to Resource Library for advertising Kaua'i and the events

Workforce Development

1. Operating efficiency for the Adult and Dislocated worker programs due to the relocation of the WorkWise-Kaua'i One Stop Job Center into the Līhu'e Civic Center.
2. Increased program staffing at the One-Stop with well-qualified individuals, despite being temporary positions.

3. Significantly more frequent visits by WIA Administrator to the One Stop Center to interact with customers and with staff.
4. Developed a strong collaborative working relationship with Branch Manager that has benefited those seeking services.
5. Substantially enhanced a monitoring tool in collaboration with State WDD office which greatly improves the efficiency of program monitoring. The goal is for it to be used Statewide, with other counties modifying to match their particular program priorities.

Film

1. Kaua'i Film Commission website was updated and upgraded in late 2010, the first since early 2000. Although there are still improvements to be made, the office continues to make changes and updates. The Film Offices of the Hawai'i Islands (FOHI), with all 4 county film offices and its commissioners and State of Hawai'i Film Office and its director, Georja Skinner, are in constant dialogue with to find a better and efficient ways to market and promote Hawai'i film industry which had a record banner year in 2010. Currently, two network TV series, CBS's "Hawai'i Five 0" and ABC's "Off The Map" are filming on O'ahu.

Upcoming Initiatives

Energy

1. Kaua'i Energy Sustainability Plan Recommendations – Work with County Council, EPAC, KEDB Renewable Energy Committee, Energy Coordinator on implementing "short-term" recommendations
2. Energy Savings Performance Contract for Building Division and Parks Dept. With their electric bill close to \$2M, a conservative 10% savings would equate to \$200,000.
3. Installation of EV (Electric Vehicle) chargers at county facilities
4. Purchase of 5 EVs for county fleet use
5. Completion of the Kaiakea PV system and closeout of the ARRA grant - \$267,900
6. Construction of a PV system for the Police/OPA/CD
7. PV system for Kīlauea and Kalāheo Neighborhood Centers
8. Methane use for energy production at Kekaha Landfill

Tourism

1. Continuation of building kauaifestivals.com program and calendar and media program.
2. Funding capture for restoration and rock wall building training for Kaneiolouma Heiau.
3. CPEP and County Grant Program continuation and refinement.
4. Continued support for Visitor Industry partners.
5. Complete purchase and receipt of Mobi Mats (ADA compliant Mats) into use at the festivals and events held at our County Parks and other areas.

Agriculture

1. Kīlauea Ag Park – Complete Environmental Assessment process, complete farmer application criteria, application form, selection process, design and construction of Ag Park.
2. Complete Sunshine Markets “Value-Added” Ordinance Amendment, revised Administrative Rules, bring all farmers and vendors into full compliance, complete 5-year business plan
3. Papaya Disinfestation Facility continue maintenance and look at other uses including a commercial kitchen and Kaua'i produce distribution center, while papaya farmers being trained and crop planted and farmed
4. Work with Kaua'i Cattlemen's Association on improvement of beef quality
5. Slaughter, Chill and Processing Facility
6. Important Agricultural Lands

Workforce Development

1. Roll out of SESP (State Energy Sector Partnership) training programs on island over the next 14 months which is critical to Kaua'i attaining/exceeding its performance targets.
2. In conjunction with the above, plan an August CEM training and certification program for Kaua'i together with KIUC and KCC that will greatly enhance the County's ability to attain the aggressive goals of the State's Clean Energy Initiative and Kaua'i ENERGY SUSTAINABILITY PLAN by “Reducing our energy demand through conservation and efficiencies.”
3. Revitalize currently inactive WorkWise Consortium and the Youth Council.
4. Update the Consortium MOU and secure support from all the partner agencies.

Film

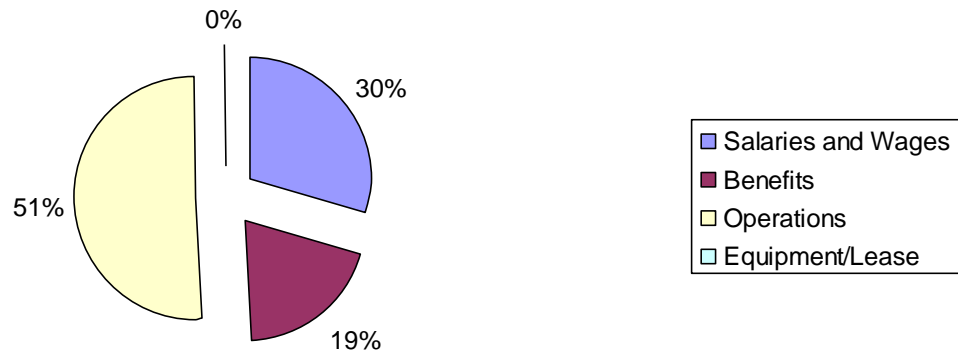
1. Continue to make further improvements in the newly updated film website
2. Work more closely with Kaua'i's 3-4 film production & location coordinators to address filming procedures, guidelines especially with aerial filming by helicopters, and basic courtesies when working with production companies.
3. One of the key initiatives I'm working on is a marketing strategy to promote Kaua'i's film-friendly locations and services to attract more European and Asian film productions from Korea, China and Japan.

OED (Office of Economic Development)

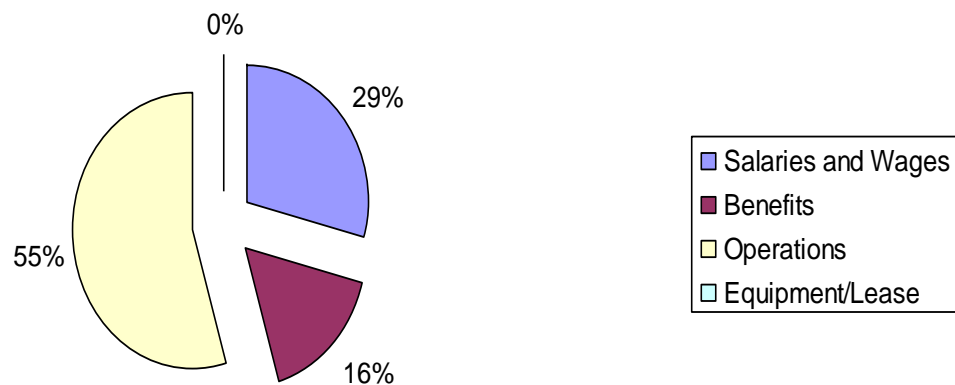
1. Promote APEC (Asia Pacific Economic Cooperation) USA 2011 Conference
 - Coordinate APEC 2011 Kaua'i Stakeholders Committee
 - Member of APEC 2011 Neighbor Islands Committee
 - Member of APEC 2011 Host Committee
 - Work with Chamber of Commerce, Rotary and other business organizations on promoting the Kaua'i Business Showcase
 - Work with Visitor Industry and other business organizations on promoting Kaua'i business tours, visitor attractions and tours for APEC delegation and press corp
 - Work with Administration, County Council and APEC Neighbor Islands Committee on Sister City initiative

Comparative Graphs

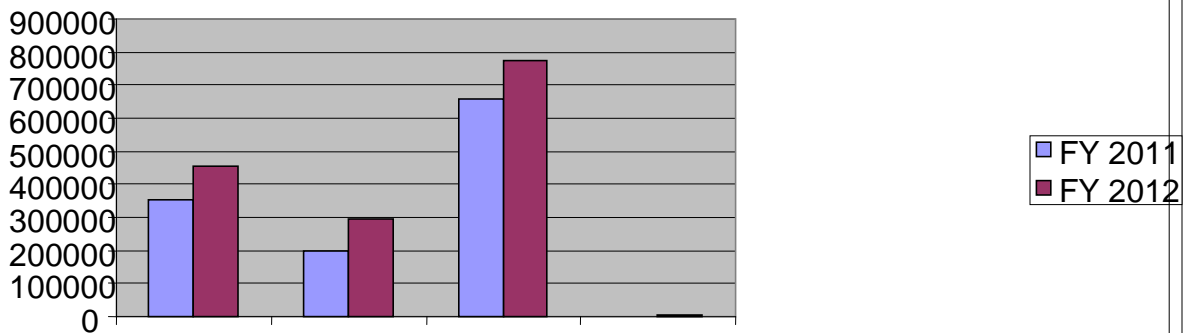
FY 2012 Operating Budget-Office of Economic Development



FY 2011 Operating Budget-Office of Economic Development



FY 2012 and 2011 Comparison-Office of Economic Development



Operating Budget-Office of Economic Development	FY 2011	FY 2012	Variance	% + or -
Salaries and Wages	350,972	452,602	101,630	29.0%
Economic Dev. Specialist - Energy	18,990	75,000	56,010	
Economic Dev. Accountant	0	10,000	10,000	
2 Days Furlough	(35,620)	-	35,620	
			101,630	
Benefits	198,780	294,350	95,570	48.1%
Benefits	114,545	149,620	35,075	30.6%
OPEB	84,235	144,730	60,495	71.8%
			95,570	
Operations	655,725	775,671	119,946	
Kaua'i Marathon	0	120,000	120,000	
Equipment/Lease		4,500	4,500	
TOTAL	1,205,477	1,527,123	321,646	26.7%

Operating Budget Discussion

Salaries & Wages

New positions or changes to any existing positions, indicating contractual or civil service, salary, and division.

1. No additions or deletions of staff positions
2. Energy Specialist / Coordinator – is a contractual, salaried, grant funded position
This is an additional \$56,010.
3. Economic Development Accountant – is a contractual, salaried, grant funded position primarily funded by HTA and WIA grants, but also provides fiscal services to Energy, Film, Agriculture and OED Director that requires funding from County General Fund. It is an essential expense necessary to continue administering the WIA training program. If an audit finds hours charged to WIA are inappropriate, the county will be obligated to repay using non-Federal funds. Staff administrative hours can't be covered just with the 10% allocation from Federal funds due to diminishing fund allocation.
This is an additional \$10,000.

Current or anticipated vacant civil service and contractual position(s), duration of vacancy, and expected date for filling these position(s).

1. None

Contractual positions funded by the State or Federal grants, and the contract period.

1. Energy Specialist / Coordinator (State DBEDT Funds) – 7/1/10 – 6/30/11
2. Workforce Specialist (all Federal WIA Funds) – 7/1/10 – 6/30/12
3. Economic Development Accountant (State HTA and Federal WIA Funds) – 7/1/10 – 6/30/12
4. Clerk-Typist (State HTA Funds) – 7/1/10-6/30/11

Benefits

Increase in Benefits reflect the following:

1. Energy Specialist / Coordinator and Economic Development Accountant benefits
This is an additional \$35,010.
2. Other Post Employee Benefits (OPEB) reflects increase in contribution for Employee Retirement Health Benefit contributions.
This is an additional \$60,495.

Operating

Increase in Operating Expenses reflect the following:

1. 2012 Kaua'i Marathon – With the loss of the PGA Grand Slam Golf Tournament, this is becoming Kaua'i's premier sports event.
This is an additional \$120,000.

- Great event promoting Health & Fitness
- A “Feel Good” event that brings Island Community together, to take their mind off of economy
- During past 2 years over 6,000 participants / visitors
- Over \$2M in Room Revenue
- Over \$3M in Direct Economic Benefit
- Over \$5M in Overall Economic Benefit to Kaua'i.
- Last 2 years funded by founder and Kaua'i resident, Jeff Sacchini
- Over \$1M of personal funds spent on event to help Kaua'i Community
- Seeking subsidy for 3 years to help become self-sustaining

2012 Kaua'i Marathon

REVENUE		
Grants - County	120,000	
EXPENSES		
Advertising		
Advertising (Various Sources)	20,000	
Advertising - Japanese (Spa Novi - Mr. Abe)	15,000	
Advertising - Local (Radio & Print)	2,000	
MJR Media (website, newsletter, graphics)	12,500	
TV Show	20,000	
Comcast (Air buy)	2,000	
Total Advertising	71,500	59.6%
Printing & Postage		
Postage / FEDEX	2,500	
Printing	2,500	
Banner / Signs	3,000	
Total Printing & Postage	8,000	6.7%
Entertainment		
Music Live Bands (Local)	1,500	
Sound - Start / Finish (Da Sound Man - Ray Duarte)	3,500	
Cultural Entertainment (Along marathon route)	7,150	
Total Entertainment	12,150	10.1%
Aid Stations / Medical Services		
Cups / Food Service Items	1,500	
Ice	1,750	
Water (Menehune)	1,000	
Ambulance (AMR)	1,500	
Massage (Donation to massage organizations)	3,500	
Medical Supplies (Wilcox Hospital donates most)	500	
Roving Medical Van	500	
Total Aid Stations / Medical Services	10,250	8.5%
Security		
Course Security (Garden Island Security)	2,100	
Total Security	2,100	1.8%
Traffic		
Grace Pacific Solutions (Cones, Elec. Signs)	16,000	
Total Traffic	16,000	13.3%
TOTAL EXPENSES	120,000	100.0%